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UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

SAN JOSE DIVISION

GOOGLE INC., a Delaware corporation, Plaintiff, v. AFFINITY ENGINES, INC., a Delaware corporation, Defendant.	CASE NO.: C 05-00598 JW (HRL) **SECOND JOINT CASE MANAGEMENT STATEMENT/RULE 26(f) REPORT** Date: September 26, 2005 Time: 10:00 a.m. Judge: The Honorable James Ware Courtroom 8

Dockets.Justia.com

The parties, Plaintiff Google Inc. ("Google") and Defendant Affinity Engines, Inc. ("AEI") jointly submit this Second Case Management Statement/Rule 26(f) Report. The prior Joint Case Management Statement/Rule 26(f) Report (filed June 10, 2005) is attached hereto as Exhibit A.

DESCRIPTION OF THE CASE

1. A brief description of the events underlying the action:

Google's complaint generally alleges in Count I that Affinity Engines, Inc. ("AEI") infringes Google's copyright in inCircle software code written by Google employee Orkut Buyukkokten ("Buyukkokten"). The inCircle code implements an online "social networking" service. A social networking service contains personalized information about users, and allows the users to communicate with other participants in the online community. A dispute exists as to the ownership of the asserted copyright and the underlying ownership of the inCircle code and software as asserted in Count I of Google's complaint. The software implementing the first version of Orkut.com was written by Buyukkokten during his employment at Google. Google alleges that it owns the rights to this software based on an employment and inventions assignment agreement ("August 5, 2002 Assignment Agreement") that Buyukkokten executed as a condition of his Google employment and based on the work-for-hire doctrine of copyright law. Google alleges that AEI has infringed Google's copyright by reproducing, distributing and creating derivative works of inCircle.

Buyukkokten co-founded defendant AEI, a company that commercialized social networking software based on the inCircle code. Following the launch of Orkut.com, AEI filed a lawsuit in state court on May 25, 2004, alleging that AEI owns the inCircle code and that the Orkut.com code was copied, developed, or derived from AEI's inCircle code by Google and Buyukkokten. Based on the alleged copying, development, or derivation, AEI has alleged a claim for trade secret misappropriation, among other torts. Google asserts by way of its affirmative defenses that pursuant to the August 5, 2002 Assignment Agreement, Google owns or has a license to the disputed code.

After a failed mediation, Google registered its copyright in the inCircle program, and filed this action for copyright infringement against AEI. Google alleges in this lawsuit that defendant AEI has infringed, and continues to infringe, the copyright in inCircle by reproducing, distributing and creating derivative works of inCircle, in the form of various social networking services it has deployed for alumni associations. Google seeks copyright remedies for such infringement. Google also seeks a declaration that (1) it owns the copyright to inCircle, and (2) defendant AEI's purported copyright registration for inCircle is invalid.

Following the Court's Order of August 12, 2005, granting in part and denying in part AEI's motion to dismiss and/or stay proceedings, AEI filed an Answer on August 26, 2005. In its Answer, AEI denies Google's allegations in support of its copyright infringement claim (first claim for relief). As to Google's declaratory judgment claim (second claim for relief), AEI disputes (1) Google's purported ownership of the copyright in the inCircle source code, (2) Google's purported license to use the code written by Buyukkokten before August 5, 2002 and (3) the purported invalidity of AEI's copyright registration in the inCircle software code.

2. The principal factual and legal issues in dispute:

- Ownership of the copyright to the inCircle program
- Ownership of the inCircle code
- Effect of various assignments executed by Buyukkokten under copyright law
- Whether AEI's use of the inCircle program infringes Google's copyright to the inCircle program
- The damages to which Google is entitled under copyright law upon a showing of infringement

3. Other factual issues *[e.g. service of process, personal jurisdiction, subject matter jurisdiction or venue]* which remain unresolved for the reason stated below and how the parties propose to resolve those issues:

None known at this time.

4. The parties which have not been served and the reasons:

None at this time.

5. The additional parties which the below-specified parties intend to join and the intended time frame for such joinder:

None at this time.

6. The following parties consent to assignment of this case to a United States Magistrate Judge for trial:

This action was originally assigned to United States Magistrate Judge Bernard Zimmerman. On February 10, 2005, a request for reassignment was filed and thereafter, this action was reassigned to the Honorable James Ware, United States District Judge.

ALTERNATIVE DISPUTE RESOLUTION

7. The parties filed separate ADR Statements. Google agrees to ENE and mediation. AEI agrees to participate in mediation on the condition that the parties seek resolution of all issues in both the state and federal cases. The ADR unit ordered that the parties participate in a telephone conference regarding ADR procedures. That telephone conference occurred on June 13, 2005.

DISCLOSURES

8. The parties certify that they have made the following disclosures:

The parties have agreed to exchange Initial Disclosures as required by Fed. R. Civ. P. 26(a)(1) on September 30, 2005.

DISCOVERY

The Pending State Court Matter:

Google's Position:

Google’s position, in brief, is that AEI has already argued that this matter be stayed in favor of the State Court Matter and this Court denied AEI’s request by Order dated August 12, 2005. AEI’s proposed discovery schedule, which expressly prioritizes resolution of the State Court Matter over any discovery deadlines in this matter, is merely an attempt to relitigate the issue of AEI’s requested and denied stay in this matter. This matter was filed in February of 2005, presents straightforward issues exclusive to federal jurisdiction, and is capable of summary disposition. The State Court Matter, on the other hand, still has not reached the stage at which the pleadings are closed (*i.e.*, there is a demurrer (motion to dismiss) pending on AEI's Second Amended Complaint that, if Google again prevails in dismissing certain of AEI's claims, may require yet another round of amended complaints and motions to dismiss), much less a close of discovery (for example, there are at least eight motions to compel currently pending in the State Court Matter – resolution of these matters will require further discovery and, invariably, further motions to compel). There is little likelihood that the State Court Matter will be set for trial any time soon, and in any event will not dispose of the matters Google has brought before this Court. Conditioning the resolution of this matter on resolution of the State Court Matter will accomplish little but uncertainty and unnecessary delay.

AEI's Position:

Attached hereto as Exhibit B is a copy of the most recently filed Case Management Conference Statement in the State Court Matter. The State Court Matter has now been pending for nearly 16 months. In that statement, Google suggested an early 2006 trial date for the State Court Matter. AEI contends that the State Court Matter will resolve the ownership issue between the parties as to all rights in the inCircle code, including copyright. Thus far, nine depositions have been taken in the State Court Matter-six by Google and its co-defendants, and three by AEI. Nearly all of the witnesses deposed have proffered testimony concerning ownership. Currently, AEI seeks testimony from both of Google's co-Presidents and a Google PMK concerning the issue of ownership, although Google is currently resisting that through motion practice in the State Court Matter. A hearing on the issue will be conducted September 14, 2005 before a Discovery Referee appointed for the State Court Matter.

On November 15, 2005, another Case Management Conference will be held in the State Court Matter. AEI believes that an early 2006 trial date for the State Court Matter, is both feasible and likely. A hearing will be conducted on September 27, 2005 on Google's demurrer to AEI's non-trade secret causes of action, all of which also depend on resolution of the disputed ownership issue.

There is no urgency for completion of the instant case, as each party has already elicited testimony that the other party has changed its code base for its respective social networking programs since the instant lawsuit has been filed (except for with respect to Stanford University), significantly limiting, if not eliminating, potential damages for copyright infringement. Under the circumstances, there is no credible basis for the Plaintiff to argue irreparable harm. Further, it is anticipated that discovery in the State Court Matter may be completed quickly, since a Discovery Referee has been appointed. AEI respectfully submits that it is appropriate that discovery in the instant case should follow discovery on the ownership issue in the State Court Matter.

9. The parties agree to the following discovery plan:

a. Entry of Protective Order

The parties agree that a protective order is necessary in this matter. The parties further agree to submit an amended version of the Protective Order currently in place in the pending matter captioned *Affinity Engines, Inc. v. Google Inc.*, *et al.*, Case No. 1-04-cv-020368 (Santa Clara Cty.) (hereinafter the "State Court Matter") for the Court's review.

b. Discovery Deemed Produced

The parties agree that all discovery produced in the State Court Matter is deemed produced in this matter, and that all discovery produced in this matter is deemed produced in the State Court Matter. Likewise, deposition testimony offered by witnesses in the State Court Matter is deemed to be the deposition testimony of those witnesses in this matter.

c. Discovery Limits

The parties agree that the discovery limitations of the Federal Rules of Civil Procedure will apply in this matter, unless otherwise ordered by the Court or the parties stipulate otherwise in the future. The parties agree to meet and confer in good faith regarding any proposed amendments to the discovery limitations.

d. Pre-Trial Schedule

The parties propose the following schedule:

Close of Fact Discovery:

Google's Proposed Date: February 24, 2006

AEI's Proposed Date: June 30, 2006, or six months after the close of fact discovery in the State Court Matter, whichever is later.

Expert Discovery:

Submission of Opening Reports on the Issues For Which a Party Bears the Burden of Proof

Google's Proposed Date: March 10, 2006

AEI's Proposed Date: August 30, 2006, or six months after the close of expert discovery in the State Court Matter, whichever is later.

Submission of Reports Responsive to Opening Reports

Google's Proposed Date: March 31, 2006

AEI's Proposed Date: September 30, 2006, or seven months after the close of expert discovery in the State Court Matter, whichever is later.

Close of Expert Discovery (The parties agree that the close of expert discovery should follow the close of fact discovery)

Google's Proposed Date: April 14, 2006

AEI's Proposed Date: October 15, 2006, or two weeks after the Submission of Reports Responsive to Opening Reports, whichever is later.

Last Day for Rule 56 Motions To Be Heard:

Google's Proposed Date: April 28, 2006

AEI's Proposed Date: October 30, 2006, or two weeks after the close of expert discovery, whichever is later.

TRIAL SCHEDULE

10. The Parties propose the following date for trial:

Google's Proposed Date: June 26, 2006

AEI's Proposed Date: January 29, 2007

11. The parties expect that the trial will last for the following number of days: 7 days

Dated: September 12, 2005

WILSON SONSINI GOODRICH & ROSATI
Professional Corporation

By: /s/
Michael A. Berta

Attorneys for Plaintiff
GOOGLE INC.

Dated: September 12, 2005

ORRICK HERRINGTON & SUTCLIFFE LLP

By: /s/
G. Hopkins Guy, III

Attorneys for Defendant
AFFINITY ENGINES, INC.

CERTIFICATION

I, Michael A. Berta, am the ECF User whose identification and password are being used to file the Joint Case Management Statement/Rule 26(f) Report and Proposed Order. In compliance with General Order 45.X.B, I hereby attest that all parties have concurred in this filing.

DATED: September 12, 2005

WILSON SONSINI GOODRICH & ROSATI
Professional Corporation

By: /s/ Michael A. Berta
Michael A. Berta

Attorneys for Plaintiff
GOOGLE INC.